
IOWA UTILITIES BOARD
Energy Section

Docket No.: EAC-2011-0025
TF-2012-0637

Utility: Interstate Power and Light
Company

File Date/Due Date: 11/16/2012 – 12/16/2012

Effective Date: January 1, 2013

Memo Date: December 18, 2012

TO: The Board

FROM: Jim Kellenberg

SUBJECT: Request to Approve Regional Transmission Service Rider Second
Year Compliance Filing and Tariff - Docket Nos. EAC-2011-0025
and TF-2012-0637

I. Background

On January 10, 2011, the Iowa Utilities Board (Board) issued its Final Decision and Order (Final Order or Final Decision) in Docket No. RPU-2010-0001, approving Interstate Power and Light Company's (IPL) request to implement a transmission cost recovery rider (Rider). The Rider was approved on a pilot basis. The Rider was designed to recover transmission costs billed by the Midwest Independent System Operator (MISO) and other transmission-related costs. The Rider has cost recovery factors applicable by customer class and became effective with customer billings on February 25, 2011. IPL has filed monthly reports detailing transmission costs and revenues that are passed through the Rider.

On November 16, 2012, IPL filed with the Board its Second Year Compliance Filing and Tariff (Second Year Compliance Filing) for its Rider under EAC-2011-0025 and TF-2012-0637. The Second Year Compliance Filing is in compliance with the Board orders of January 10, 2011, and February 25, 2011, in Docket Nos. RPU-2010-0001 and TF-2011-0010. The Second Year Compliance Filing includes a proposed 2013 Rider tariff as well as 1) the calculation of the 2013 Rider factors; 2) the reconciliation of the prior year (2012) transmission expenses and corresponding Rider revenues; 3) the estimated 2013 transmission expenses; and 4) the billing determinants. On November 30, 2012, IPL made an Errata Filing for its Second Year Compliance Filing. IPL stated that an error was discovered in the estimation of 2013 MISO Schedule 9 transmission expenses. IPL filed revised tariff sheets and schedules to reflect a revised

calculation of 2013 cost recovery factors. IPL proposed that the 2013 cost recovery factors become effective on January 1, 2013.

On December 4, 2012, the Office of Consumer Advocate (Consumer Advocate) filed a Conditional Objection to Docket Nos. TF-2012-0637 and EAC-2011-0025. Consumer Advocate noted that IPL's Errata Filing of November 30, 2012, contained revised tariff sheets, schedules and workpapers to reflect a corrected calculation of the 2013 RTS factors. Consumer Advocate stated that it needed additional time to complete its review of the filing. On December 18, 2012, Consumer Advocate withdrew its Conditional Objection.

IPL filed its First Year Compliance Filing and Tariff for its Rider with the Board on November 18, 2011. The Board docketed the November 18, 2011, filing on December 9, 2011, pending a decision on the CIPCO Investment True-up costs. On April 10, 2012, the Board issued an order on the CIPCO Investment True-up costs. IPL filed a revised compliance tariff on April 20, 2012, for the Rider factors. The Board approved the Rider factors by order on May 23, 2012, and the factors went into effect on June 1, 2012.

IPL's Second Year Compliance Filing includes:

- a) The transmission rider reconciliation tracker balance through the end of October 2012 (for the November 2011 – October 2012 year)
- b) Estimated 2013 transmission expense by customer class, and
- c) Estimated kW or kWh by customer class to be consumed in 2013

The following table compares the 2012 factors to the proposed 2013 factors.

Rider Factors by Customer Class (\$/kWh or \$/kW)

Year	Residential	General Service	Large General Service/Bulk	Lighting	Standby
2012	\$0.01811	\$0.01877	\$5.59	\$0.01954	\$5.65
2013	\$0.02342	\$0.02356	\$6.68	\$0.02406	\$7.09

The cumulative tracker balance from the October 2012 monthly transmission report filing in Docket No. EAC-2011-0025 is recovered with the estimated 2013 transmission expenses. This tracker balance represents the cumulative over/under recovery of transmission expenses for the time period November 2011 through the October 2012 revenue month. The 2012 tracker balance is a \$7,218,335 under collection. Over/under recovery for the revenue months of November and December 2012 under the current Rider factors will be reconciled as part of the next year's annual filing.

Estimated 2013 transmission expenses have been broken out by month according to either MISO transmission schedule or non-MISO transmission provider. IPL states that these estimated 2013 expenses reflect known changes in transmission provider charges.

IPL based the projected kWh billing determinants on the actual kWh billed by customer class from November 2011 through October 2012. Also, IPL derived projected kW billing determinants based on actual kW billing demands for the Large General Service/Bulk customer class for the time period November 2011 through October 2012. Standby billing determinants were based upon contract demands in effect at the close of the October 2012 revenue month.

II. Legal Standards

The Regional Transmission Service Rider was approved by the Board's Final Decision and Order in Docket No. RPU-2010-0001, issued on January 10, 2011. The Rider was approved on a pilot basis. The Rider was designed to recover transmission costs billed by MISO and other transmission-related costs. In the Board's order of January 10, 2011, the Board noted that IPL said the factors in the proposed transmission clause would be revised annually. Also, IPL said that it would file annually in November of each year the factors that will become effective on January 1. The Rider has cost recovery factors applicable by customer class and became effective with customer billings on February 25, 2011. IPL has filed monthly reports detailing transmission costs and revenues that are passed through the Rider.

III. Analysis

Staff notes that nearly all of the estimated 2013 expenses are for MISO expenditures with the non-MISO portion being very small. Of the MISO total estimated charges, the largest portion of the charges are for Schedule 9, Network Integration Transmission Service, which is related to ITC-Midwest LLC's charges based upon its Attachment O. The Schedule 9 estimated charges are significantly higher for 2013 than for 2012. The Attachment O rate for 2013 is about 15% higher than the 2012 rate. While the MISO Schedule 26, Network Upgrade Charge from Transmission Expansion Plan, and Schedule 26-A, Multi-Value Project Usage Rate, are a much smaller share of the total MISO expenditures, they also show a large increase for 2013 compared to 2012. Staff is aware that the MISO Regional Projects expenditures are expected to increase significantly over the next several years, with the ITC Midwest Rate Zone costs increasing accordingly.

Staff has completed its review and recommends that Docket Nos. EAC-2011-0025 and TF-2012-0637 be approved with an effective date of January 1, 2013, subject to complaint or investigation.

IV. Recommendation

Issue the attached order approving Docket Nos. EAC-2011-0025 and TF-2012-0637 with an effective date of January 1, 2013, subject to complaint or investigation.

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